

STANDING COMMITTEE REPORT NO. 18-95

RE: C.R. NO. 18-24/R&D

SUBJECT: ADOPTING THE FSM OVERSEAS DEVELOPMENT
ASSISTANCE POLICY

December 04, 2013

The Honorable Dohsis Halbert
Speaker, Eighteenth Congress
Federated States of Micronesia
Second Special Session, 2013

Dear Mr. Speaker:

Your Committee on Resources and Development, to which was referred C.R. No. 18-24, entitled:

"A RESOLUTION ADOPTING THE POLICY FOR OVERSEAS
DEVELOPMENT ASSISTANCE FOR THE FEDERATED STATES OF
MICRONESIA.",

begs leave to report as follows:

The intent and purpose of the resolution are expressed in its title.

The President has transmitted Congressional Resolution No. 18-24 to Congress through Presidential Communication No. 18-22 on May 15, 2013. The P.C. No. 18-22 contains the proposed Overseas Development Assistance (ODA) policy for the Federated States of Micronesia. The purpose of the ODA policy is to establish the underlying system and architecture pertaining to solicitation, application, tracking, reporting and monitoring of overseas development assistance.

Your Committee conducted a series of public hearings and meetings on C.R. No. 18-24. The first hearing was held on September 25, 2013 at the Congressional Committee hearing room. Witnesses included Evelyn Adolph, Director of SBOC, Ben Mayes, ODA Specialist, Kensley Ikosia, Secretary of the Department of Finance and Administration, Vita Skilling, Secretary of the

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Department of Health and Social Affairs, Ruphino Mauricio, Secretary of the Department of Education, Andrew Yatilman, Director of the Office of Emergency and Environment Management, Samson Pretrick, Deputy Secretary of the Department of Foreign Affairs, Shanty S. Asher, Deputy Assistant Secretary, Carson Mongkeya, Deputy Assistant Secretary, Stacy Yleizah, Foreign Service Officer, Stan Kensoff, Jun Bacalando, Assistant Attorney Generals and Pelsesar Petrus, the President's Office representative. The final hearing on the resolution was held on Monday, December 2, 2013. Witnesses present include, the Director of SBOC, the Secretary of Foreign Affairs, the Secretary of Finance and Administration, Chief of Staff and the President's office representative.

Chairman David Panuelo opened the hearing and allowed the witnesses to comment on the proposed ODA policy ("the policy"). Director Adolph thanked the Committee for the opportunity. She explained that this Nation has no ODA policy in place. Consequently, clear guidance to stakeholders on the development of needs into requests for overseas development assistances is not clear. Thus, the policy is a tool that may guide the stakeholders in this process. The policy establishes a set of best practices, principles, strategies, institutional responsibilities and process for identifying ODA priorities in the FSM.

Your Committee was informed that in a Peer Review conducted by the Forum Secretariat, the FSM was labeled as a nation that is not maximizing the use of its overseas development assistance.

Your Committee inquired whether the policy covers ODA from the United Nations, the U.S. Federal Programs, the Peoples Republic of China, the Government of Japan and the South Pacific Community. According to the witnesses, it covers all foreign assistance from the various foreign governments, foreign entities or foreign organizations.

The policy envisions the creation of a Steering Committee that will consist of representatives from the five governments. The Steering Committee will coordinate with the National and State Governments on

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the solicitation and application of foreign grants from foreign governments, entities and organizations. In addition, the Steering Committee will liaise with the appropriate departments and offices at the National and State Governments.

Your Committee also inquired whether the State Governments have enacted legislations or any guidelines in place to implement the ODA policy. Your Committee was informed that there are no legislation enacted in each of the States to accommodate the proposed ODA policy. The witnesses merely stated that the leadership of the four governments fully endorsed the ODA policy. Your Committee understands that there are 14 priority areas consisted of six common areas to be identified at the National Government and two priority areas to be identified by each of the four States. The priority areas from the National Government must be aligned with the Strategic Development Plan and endorse by the FSM Congress. The priority areas identified by each State must also aligned with the Strategic Development Plan or other endorsed strategic need in each State and need to be endorsed by the each respective state legislature.

Your Committee also inquired with the witnesses on how far reaching is this ODA policy. The witnesses indicated that the ODA offices at the National and State Governments are responsible for the facilitating, coordinating and supporting of the ODA application processes, but not responsible for the drafting of requests for assistance. The communities throughout the FSM also have a voice in the ODA decision-making processes.

Basically, the policy categorizes four different types of ODA. The first is the Solicited requests for assistance, which are offers of support initiated by development partners that involve specific areas of support and/or are time-bound deadlines for applications. The second type is the Unsolicited requests for assistance, which are offers initiated by FSM Stakeholders with no specific targeted programs. The third type is the Official requests for assistance, which are offers submitted by the FSM Government on behalf of any FSM Government entity. The fourth type is the Non-official requests for

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assistance, which are offers submitted by the FSM Government on behalf of any non-government organization.

The ODA policy current activities will be tracked on a database, where grant opportunities and donor programs listed in a public webpage for all stakeholders to access. The National Government will host a forum every two years for development partners and domestic stakeholders. At this forum, the FSM shall review ODA priorities to guide the submission of official unsolicited requests for assistance, and guide the drafting of framework or programs of assistance with development partners. The requests for external support need to be a product of a planning process aligned to annual domestic planning and budget cycles. Both domestic and external resources to ensure the strengthening of core government functions in an effective, efficient and accountable manner. Loans shall only be considered where, grant assistance is unavailable, estimate returns or cost savings outweigh debt obligations, highly concessional in nature, and debt repayments can be accommodated by long-term fiscal plans.

Institutional Responsibilities

In the ODA policy, institutional responsibilities are identified. Each of the ODA offices at the National and State Governments have the following core responsibilities include:

- a. Provision of advice regarding ODA opportunities and strategies;
- b. Consolidation and dissemination of ODA data and information;
- c. Collect, monitor and evaluate data and information for ODA priorities within their jurisdictions;
- d. Support the development of requests for assistance;
- e. Facilitating processes for determining ODA priorities and endorsement of requests for assistance; and
- f. Coordinate between jurisdictions for ODA matters.

The SBOC (as ODA office at NG) has these additional responsibilities:

- a. Consolidating and disseminating national-wide ODA data and information;

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- b. Consolidating and maintenance of repository ODA agreements;
- c. Upgrade and maintenance of a public website that consolidates ODA opportunities;
- d. Research into ODA opportunities and trends;
- e. Day-to-day liaison with development partners regarding strategic ODA matters;
- f. Support the development of ODA management capacity at State level;
- g. Secretariat for the ODA Coordination Committee; and
- h. Liaise with Dept. of Foreign Affairs for the submission and receipt of decision-making for official, unsolicited requests for assistance.

The FSM Department of Foreign Affairs has these responsibilities:

- a. Timely submission of official, unsolicited requests for assistance, receipt of development partner decision-making and execution of endorsed ODA agreements and frameworks for national wide assistance;
- b. Seek clarification with relevant NG departments or offices where ambiguity exists in relation to ODA matters, prior to presentation to development partners;
- c. Make ODA commitments on behalf of the FSM only where such commitments are endorsed in writing by relevant National Governments or offices;
- d. Timely sharing of all ODA related information to SBOC; and
- e. Act as an unqualified champion for endorsed ODA requests for assistance in dealings with development partners.

The Finance Departments (State and National) are responsible for the accountable and transparent receipt and disbursement of ODA finances.

The FSM Congress and State Legislatures are responsible for the consideration and endorsement of biennial national-wide and State-specific ODA priorities, including unsolicited requests for assistance.

In the policy, it states that the implementers of ODA activities include government departments and offices, civil society groups,

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communities and stakeholders from the private sector. They develop requests for assistance, in alignment with endorsed ODA priorities; consult with communities to ensure that requests for assistance reflect genuine needs, and will be supported at the grassroots level; ensure that implementation of activities in accordance with ODA agreements; act as day-to-day liaison with development partners for implementation matters; and ensure that any matching contributions are secured in a timely manner.

The responsibilities of the Development Partners include:

- a. Responsiveness to FSM leadership and strategic decision-making;
- b. Forwarding a courtesy copy of all ODA related information (including planned meetings, visiting missions, opportunities and ODA awards) to SBOC;
- c. Accommodation of FSM timetables and availability in respect of visiting missions and other time-intensive activities;
- d. Formal declaration of all forms of assistance to the FSM upon request, including support to civil society and private sector organizations; and
- e. Support for, and adoption of, the spirit and requirements of this policy.

The policy also contains three tables. The first table is about the Biennial Process for the establishment and monitoring of official ODA priorities. The second table is about the Annual Process for the development of official, unsolicited requests for assistance, and the third table is about the Process for the Ad Hoc unofficial or solicited requests for assistance.

Recommendations of your committee

Your Committee on Resources and Development is in accord with the intent and purpose of C.R. No. 18-24 and recommends its adoption in the form attached hereto as C.R. No. 18-24.

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Respectfully submitted,

/s/ David W. Panuelo
David W. Panuelo, chairman

/s/ Victor Gouland
Victor Gouland, vice chairman

/s/ Tiwiter Aritos
Tiwiter Aritos, member

/s/ Florencio S. Harper
Florencio S. Harper, member

/s/ Berney Martin
Berney Martin, member

/s/ Joseph J. Urusemal
Joseph J. Urusemal, member

/s/ Paliknoa K. Welly
Paliknoa K. Welly, member